



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



STEVEN E. CHESTER
DIRECTOR

August 1, 2006

The Honorable Patricia L. Birkholz, Chair
Senate Natural Resources
And Environmental Affairs Committee
State Capitol
P.O. Box 30036
Lansing, Michigan 48909-7536

Dear Senator Birkholz:

I am pleased to present the Department of Environmental Quality's (DEQ's) status report on the implementation of the Great Lakes Water Quality Bond. This report is being submitted to the Legislature in accordance with Section 501 of Public Act 154 of 2005, the Fiscal Year 2006 Appropriation Bill for the DEQ.

The report summarizes recent activities in two programs, the State Revolving Fund (SRF) and the Surface Water Quality Initiatives Fund (SWQIF), which provide low interest rate loans to municipalities for water quality improvement projects.

I trust you will find this report informative. If you have comments or questions about this report, please contact Ms. Amy A. Butler, Chief, Environmental Science and Services Division, at 517-241-0490, or you may contact me.

Sincerely,

Steven E. Chester
Director
517-373-7917

Enclosure

cc: Mr. Stanley F. Pruss, Deputy Director, DEQ
Ms. Carol Linteau, Legislative Liaison, DEQ
Mr. James Kasprzak, DEQ
Ms. Amy A. Butler, DEQ
Mr. Chip Heckathorn, DEQ

Great Lakes Water Quality Bond Implementation Status Report

Prepared by the
Michigan Department of Environmental Quality
Environmental Science and Services Division
Prepared July 11, 2006



Michigan Department of Environmental Quality
Environmental Science and Services Division
Environmental Assistance Center 1-800-662-9278

Jennifer M. Granholm, Governor - Steven E. Chester, Director
www.michigan.gov/deq

GREAT LAKES WATER QUALITY BOND IMPLEMENTATION STATUS REPORT

Section 501 of Public Act 154 of 2005, the Department of Environmental Quality's (DEQ's) Fiscal Year (FY) 2006 Appropriation Bill, included the following requirements:

"By July 1, 2006, the department shall prepare and submit a report to the state budget director, the legislature, the chairs of the standing committees of the senate and house of representatives with primary responsibility for issues related to natural resources and the environment, and the chairs of the subcommittees of the senate and house appropriations committee with primary responsibility for appropriations for the department of environmental quality, outlining the implementation of the Great Lakes water quality bond provided for in part 197 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.19701 to 324.19708, including but not limited to, the amount of bonds issued and the date they were issued, the number of applications received for loans from the state water pollution control revolving fund created in section 16a of the shared credit rating act, 1985 PA 227, MCL 141.1066a, the total amount of loans requested, a listing of the applicants receiving loans and the total amount of loans provided to those applicants, a listing of applicants whose loan applications were not approved, the amount of the loans granted that were leveraged from bond proceeds, and the remaining bond proceeds and bond authorization."

The Environmental Science and Services Division of the DEQ continues to administer the State Revolving Fund (SRF) and the Surface Water Quality Initiatives Fund (SWQIF). Implementation of the Great Lakes Water Quality Bond Fund has proceeded as follows:

1. The passage of Proposal 2 on the November 2002 statewide ballot authorized the state to issue up to \$1 billion in general obligation bonds to "finance sewage treatment works projects, storm water projects and nonpoint source projects."
2. The first series of bonds (\$100 million) was issued by the Michigan Municipal Bond Authority on December 18, 2003. Consistent with Part 197, Great Lakes Water Quality Bond Implementation, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, ninety percent of the bonds were deposited into the SRF and ten percent were deposited into the SWQIF. No additional bonds have been sold/issued since.
3. For FY 2006, the SRF received applications from 31 projects totaling an estimated \$225,820,000, while the SWQIF received 1 application for an estimated \$880,000.
4. Attachment 1 details those FY 2006 SRF loans tendered to date (1st through 3rd Quarter), which went to 10 projects totaling \$53,790,000. We anticipate 7 additional loans being tendered in the 4th Quarter, at an estimated \$70,355,000.
5. Attachment 2 details those loans tendered in FY 2006 from the SWQIF. One loan was tendered which totaled \$890,000.
6. Fourteen SRF applications were initiated for projects that will not receive funding in FY 2006. Shelby (\$2,850,000), Northport (\$10,490,000), Gabler Drainage District/Oakland County (\$15,000,000), Gladstone (\$995,000), Parma (\$4,865,000), Fenton (\$2,565,000), Leoni Township/Jackson County (\$30,850,000), Genesee County/Ragnone System (\$6,550,000), Caro (\$7,740,000), Lyon Township/Roscommon County (\$4,130,000), and Wayne County/Downriver (4 loans totaling \$19,430,000) did not their applications and have each opted to withdraw their applications for FY 2006 financing.

July 11, 2006

7. The FY 2006 SRF demand will be accommodated without using any of the Proposal 2 bonds, which were deposited in the fund. All FY 2006 loans will be tendered using other SRF resources.
8. The loans awarded in the SWQIF to date necessitated the sale of \$4,000,000 of Proposal 2 bonds to tender these loans and administer the fund. The bonds were sold in late 2005.
9. Proposal 2 SRF bonds issued remain available in the fund and the authority exists to issue another \$810 million in bonds for the SRF. In the SWQIF, \$6,000,000 in Proposal 2 bonds remains available in the fund and the authority exists to issue an additional \$90 million.
10. It is anticipated that additional SWQIF bonds will have to be sold before December of this year to tender anticipated FY 2007 SWQIF loans (@ \$1,000,000) and to provide grants under the authority of Public Act 254 of 2005 (up to \$40,000,000).
11. Consistent with the requirements of Public Act 254 of 2005 (Section 5204a of the Natural Resources and Protection Act) you will find attached a list of those communities who to date have applied for S2 Grant funds to complete the loan application process (Attachment 3). Attachment 3 also identifies the requested grant amounts.

Prepared by: Mr. Chip Heckathorn, Chief
Revolving Loan and Operator Certification Section

DE State Revolving Fund: Fundable Range Quarterly Report - Fiscal Year: 2006
SRF

1st Quarter Projects		Binding Commitment Date: 11/22/2005		
5239-01	Adrian	Lenawee Co	WWTP Imp	\$7,090,000
1st Quarter Total		1 Projects		\$7,090,000
2nd Quarter Projects		Binding Commitment Date: 3/14/2006		
5005-19	Lansing	Ingham Co	Seg 19 CSO; Swr Sep (013 West and 023)	\$18,855,000
5006-12	Port Huron	St Clair Co	Seg 12 CSO; Swr Sep (16th Ave)	\$2,955,000
5006-13	Port Huron	St Clair Co	Seg 13 CSO; Swr Sep (Erie St.-S.)	\$1,655,000
5006-14	Port Huron	St Clair Co	Seg 14 CSO; Swr Sep-Merchant	\$1,325,000
5231-01	Malletts Creek Drainage District	Washtenaw Co	NPS - Brown Park Impoundment	\$2,180,000
5251-01	Eaton Co	Brookfield Twp	New WWTP/CS - Narrow Lake	\$2,860,000
2nd Quarter Total		6 Projects		\$29,830,000
3rd Quarter Projects		Binding Commitment Date: 6/6/2006		
5207-04	Dearborn	Wayne Co	Seg 4 CSO; Swr Sep (016)	\$7,450,000
5242-01	Manistee	Manistee Co	WWTP Xpan/Upgrd	\$2,790,000
5244-01	Huron Co	Bad Axe	WWTP upgrades/ oxidation ditch addition to restore capacity.	\$6,630,000
3rd Quarter Total		3 Projects		\$16,870,000
4th Quarter Projects		Binding Commitment Date: 8/31/2006		
5196-01	Three Rivers	St Joseph Co	WWTP Upgrd/Expnd (refinance)	\$5,840,000
5209-01	Bangor	Van Buren Co	Lagoon Upgrd/Expnd (refinance)	\$2,315,000
5229-03	Genesee Co	Ragnone System	Seg 3; NEES Intcp Swr	\$24,535,000
5230-02	Saginaw	Saginaw Co	Seg 2; WWTP Upgrd	\$1,815,000
5235-01	Muskegon Co	Muskegon Co	PS (C) Repl; PS (D) Rehab	\$11,700,000
5249-01	Geo W Kuhn DD	Oakland Co	12 Towns RTB Flushing System	\$8,000,000
5257-01	Van Buren Twp	Wayne Co	Intcp Swr w/EQ Basin	\$16,150,000
4th Quarter Total		7 Projects		\$70,355,000
Total Fundable Range Dollars		17 Projects		\$124,145,000
Future Projects				
5005-99	Lansing	Ingham Co	CSO: Swr Sep - Future Segs	\$235,350,000
5256-01	Fenton	Genesee Co	2 Swr Repl; Upgrd PS.	\$2,565,000
5230-99	Saginaw	Saginaw Co	WWTP Upgrd - Future Segs	\$3,375,000
5252-01	Pama	Jackson Co	2 WWTP Xpan/Upgrd	\$4,865,000
5260-01	Gabler Drainage District	Rochester Hills	Madison Park - NPS - Landfill Remediation	\$15,000,000
Total	Future Dollars Projected	5 Projects		\$261,155,000

DE Strategic WQ Initiatives Fund: Fundable Range Quarterly Report - Fiscal Year: **2006** **SWQIF**

2nd Quarter Projects		Binding Commitment Date: 3/14/2006	
3002-03	Ann Arbor	Washtenaw Co	FDD; Seg 3
			\$890,000
2nd Quarter Total		1 Projects	\$890,000
Total Fundable Range Dollars		1 Projects	\$890,000
Future Projects			
3002-99	Ann Arbor	Washtenaw Co	FDD; Future Segments
			\$2,675,000
Total	Future Dollars Projected	1 Projects	\$2,675,000

Summary of S2 Apps Received

Project Count : 73

Total Grant \$ Requested: \$35,617,942

Project #	Project Name	Application Receipt	Amount Requested
9027-01	City of Alpena County: Alpena	6/29/2006	\$338,659
9073-01	Village of L'Anse County: Baraga	7/11/2006	\$146,070
9048-01	Carlton Township County: Barry	6/30/2006	\$157,500
9031-01	City of Niles County: Berrien	6/29/2006	\$205,792
9038-01	City of St. Joseph County: Berrien	6/30/2006	\$314,365
9035-01	Bingham Township County: Clinton	6/29/2006	\$65,700
9020-01	City of Iron Mountain County: Dickinson	6/22/2006	\$78,000
9015-01	Charter Township of Grand Blanc County: Genesee	6/15/2006	\$998,280
9068-01	County of Genesee County: Genesee	7/3/2006	\$395,339
9005-01	City of Wakefield County: Gogebic	5/23/2006	\$86,342
9026-01	Charter Township of Garfield County: Grand Traverse	6/28/2006	\$116,204
9007-01	Portage Lake Water & Sewage Authority County: Houghton	5/26/2006	\$88,380
9021-01	Port Austin Area Sewer and Water Authorit County: Huron	6/26/2006	\$48,600
9025-01	City of Harbor Beach County: Huron	6/28/2006	\$46,350
9032-01	Delhi Charter Township County: Ingham	6/29/2006	\$501,067

Attachment 3

Project #	Project Name	Application Receipt	Amount Requested
9037-01	City of Lansing County: Ingham	6/30/2006	\$1,000,000
9012-01	Village of Saranac County: Ionia	6/9/2006	\$256,660
9043-01	City of Belding County: Ionia	6/30/2006	\$287,623
9002-01	City of Iron River County: Iron	5/19/2006	\$119,700
9004-01	Township of Bates County: Iron	5/23/2006	\$32,490
9010-01	West Iron County Sewer Authority County: Iron	6/1/2006	\$22,500
9070-01	City of Crystal Falls County: Iron	7/6/2006	\$29,700
9040-01	Leoni Township County: Jackson	6/30/2006	\$1,975,500
9001-01	Village of Sparta County: Kent	5/17/2006	\$15,300
9017-01	Grand Valley Regional Biosolids Authority County: Kent	6/16/2006	\$930,318
9029-01	City of Lapeer County: Lapeer	6/29/2006	\$459,493
9011-01	Village of Northport County: Leelanau	6/8/2006	\$1,015,821
9033-01	City of Tecumseh County: Lenawee	6/29/2006	\$8,550
9014-01	Township of Hamburg County: Livingston	6/14/2006	\$100,277
9016-01	City of St. Ignace County: Mackinac	6/15/2006	\$275,400
9045-01	Charter Township of Chesterfield County: Macomb	6/30/2006	\$1,000,000
9046-01	City of Eastpointe County: Macomb	6/30/2006	\$990,000

Attachment 3

Project #	Project Name	Application Receipt	Amount Requested
9050-01	Charter Township of Shelby County: Macomb	6/30/2006	\$792,450
9056-01	City of Richmond County: Macomb	6/30/2006	\$477,337
9064-01	City of New Baltimore County: Macomb	7/3/2006	\$1,000,000
9066-01	City of Roseville County: Macomb	7/3/2006	\$1,000,000
9071-01	City of Center Line County: Macomb	7/7/2006	\$1,000,000
9072-01	City of St. Clair Shores County: Macomb	7/10/2006	\$1,000,787
9018-01	City of Marquette County: Marquette	6/21/2006	\$950,099
9006-01	Village of Maybee County: Monroe	5/24/2006	\$102,870
9036-01	City of Monroe County: Monroe	6/30/2006	\$810,121
9003-01	Charter Township of Orion County: Oakland	5/19/2006	\$823,894
9039-01	Village of Ortonville County: Oakland	6/30/2006	\$667,079
9041-01	Charter Township of Waterford County: Oakland	6/30/2006	\$526,437
9061-01	City of Auburn Hills County: Oakland	7/3/2006	\$549,450
9062-01	City of Auburn Hills County: Oakland	7/3/2006	\$50,000
9063-01	City of Auburn hills County: Oakland	7/3/2006	\$87,300
9069-01	City of Clawson County: Oakland	7/5/2006	\$873,418
9042-01	City of West Branch County: Ogemaw	6/30/2006	\$273,330

Attachment 3

Project #	Project Name	Application Receipt	Amount Requested
9065-01	Township of Bergland County: Ontonagon	7/3/2006	\$72,000
9009-01	Village of Chesaning County: Saginaw	5/31/2006	\$172,800
9058-01	Charter Township of Beuna Vista County: Saginaw	6/30/2006	\$220,500
9059-01	City of Zilwaukee County: Saginaw	6/30/2006	\$45,000
9060-01	City of Owosso County: Shiawassee	6/30/2006	\$176,220
9022-01	South Branch of Pine River Drain Drainage County: St. Clair	6/27/2006	\$127,368
9044-01	City of St. Clair County: St. Clair	6/30/2006	\$661,494
9057-01	City of Port Huron County: St. Clair	6/30/2006	\$680,000
9030-01	City of Sturgis County: St. Joseph	6/29/2006	\$1,123,456
9013-01	Village of Caro County: Tuscola	6/9/2006	\$437,665
9008-01	Village of Dexter County: Washtenaw	5/31/2006	\$152,775
9034-01	Charter Township of Superior County: Washtenaw	6/29/2006	\$312,750
9052-01	Township of Scio County: Washtenaw	6/30/2006	\$220,320
9054-01	Loch Alpine Sanitary Authority County: Washtenaw	6/30/2006	\$102,150
9055-01	City of Chelsea County: Washtenaw	6/30/2006	\$905,400
9019-01	City of Detroit Water and Sewerage Depart County: Wayne	6/21/2006	\$1,100,000
9023-01	City of Allen Park County: Wayne	6/27/2006	\$897,750

Attachment 3

Project #	Project Name	Application Receipt	Amount Requested
9028-01	City of Inkster County: Wayne	6/29/2006	\$900,000
9047-01	City of Harper Woods County: Wayne	6/30/2006	\$931,541
9049-01	City of Grosse Pointe County: Wayne	6/30/2006	\$660,191
9051-01	City of Dearborn County: Wayne	6/30/2006	\$900,000
9053-01	Charter Township of Huron County: Wayne	6/30/2006	\$314,010
9067-01	City of Grosse Pointe Woods County: Wayne	7/3/2006	\$1,000,000
9024-01	City of Cadillac County: Wexford	6/27/2006	\$414,000

Count \$ Amounts: 73

Total Grant \$ Requested: \$35,617,942

Count Proj Numbers: 73